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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: May 07, 2008

AUA Trying To Save Deal with Saudi Sheikh

¶1. Austrian Airlines (AUA) and the Oesterreichische Industrie Holding AG (OeIAG) are desperately trying to get Sheikh Mohammed Bin Issa Al Jaber back on board, after the Saudi businessman said he would pull out of a deal to purchase a 20 percent stake in AUA. The results of an emergency meeting to save the deal have not been made public, but shareholders will be informed of the outcome of the negotiations in a general meeting later today. Sheikh Al Jaber signed a preliminary agreement with the airline on April 3, but his lawyers have now informed AUA and OeIAG, the majority share holder, that he does not feel bound by the contract. Al Jaber claims he was misled by AUA over the extent of the airline's losses and the true state of the company.

Chancellor, Vice-Chancellor to Discuss Health Reform Proposal

¶2. Chancellor Alfred Gusenbauer (SPOe) and Vice-Chancellor/Finance Minister Wilhelm Molterer (OeVP) are to hold a meeting today to discuss the Austrian social partners' plan for healthcare reform. The proposal aims at putting heavily-indebted health insurance companies back on their feet. Experts from the conservative Workers and Employees Association OeAAB and many doctors have warned against "excessive haste" in the government's attempts to fix the ailing health insurance providers. Reporting on the social government and social partner's efforts to get health insurance companies out of the red, independent provincial daily Salzburger Nachrichten headlines "OeAAB against Molterer's course," and quotes OeAAB boss Fritz Neugebauer as trying to put the brakes on the Finance Minister's healthcare reform plans, and is calling for sweeping tax reform. Likewise, centrist daily Die Presse writes about the "open power struggle over the patching up of Austria's health insurance providers: The employee representatives close to the People's Party are deeply divided; the conservative OeAAB has harshly attacked the Austrian Economic Association; and OeVP healthcare spokesperson Rasinger is taking on the social partners, the daily says.

Increase in Taxes

¶3. Austrians have paid more taxes during the first quarter of this year compared to the same quarter last year. The state has collected a significant 6 percent plus in taxes in the first three months of 2008, with income taxpayers in particular having contributed much more than last year. In view of the results, the opposition parties have called for immediate tax relief measures to disburden taxpayers, according to ORF TV's prime time news Zeit im Bild I on Tuesday.

EU Gives Austria Second Warning on Inntal Motorway Ban

14. The EU Commission has threatened to take legal action against Austria, if a partial ban on trucks on the Inntal-Autobahn in Tyrol province is not lifted. Transport Commissioner Jacques Barrot said the ban is not justified, and Brussels sent a second request to the Austrian government on Tuesday to lift the ban - saying it interfered with cross border trade. The ban only applies to trucks carrying certain goods and is only applicable to certain sections of the highway. The case will go to the European Court if Austria ignores the warning, ORF TV's prime time news Zeit im Bild I reported on Tuesday.

Clinton Wins Indiana, Obama North Carolina

15. In the race for the Democratic Party nomination for the US presidential election, Barack Obama has won decisively in the primary in North Carolina, with 56 percent of the vote. His rival, Hillary Clinton, has claimed victory in the other primary held in Indiana yesterday. ORF radio quotes analysts as saying Clinton's lead there of about two percent must be considered "a setback." Clinton, however, has said she is still on course for the White House. A commentator on ORF radio says that yesterday's two primaries were "Hillary Clinton's last real chance to catch up with her rival Barack Obama, as Indiana and North Carolina were the last two primaries in major US states ahead of the Democratic Party Convention. However, she failed to pull that off," while Obama "succeeded in further securing his lead." Nonetheless, "Clinton has said she will not give up," so "once again, the two primaries yesterday failed to decide the race between the two Democratic presidential hopefuls." Commenting on the results of the primaries held in the US states of Indiana and North Carolina yesterday, journalist for ORF radio Christian Lininger says on Oel early morning news Morgenjournal: "After a couple of difficult weeks, Barack Obama has obviously regained his confidence. He told his voters 'there were those who were saying North Carolina would be a game changer - but North Carolina has decided the only area where we need change is [with regard to the kind of] politics being made in Washington DC.' Obama is referring to a comment made by his rival Hillary Clinton, who had hoped a victory in North Carolina would boost her chances of securing the Democratic nomination. But Clinton lost in North Carolina - significantly. According to the votes counted so far, Obama is ahead of her by more than 15 percentage points. In Indiana, the second state where people went to the polls yesterday, [...] the vote counts show Hillary Clinton with a narrow lead. But the final results have not been announced yet. Even if Clinton wins in Indiana, she has lost her last real chance of changing the tides in the race to catch up with Obama. Her rival succeeded in adding more delegates to his count than she did last night - thus further increasing his lead over her. He managed to refute the argument his pastor's incentive speeches would cause lasting damage to his campaign. Once again, however, both North Carolina and Indiana showed Clinton as the stronger candidate among the Democratic base, the white blue-collar workers. But even this fact did not give Clinton a clear victory, and may have made it even more difficult for her to convince the Super Delegates she should be the Democratic presidential candidate - even if her nomination would go against the wishes of the majority of US voters. In any case, several election strategists have already labeled this election night the end of the Clinton campaign. Clinton herself, however, does not want to give up. 'Full speed on to the White House,' she told her supporters. It is clear, then: The race for the Democratic presidential nomination will go on until the very end."

New President for Russia

16. Today, outgoing Russian President Vladimir Putin is to formally hand over power to his preferred successor, Dmitri Medvedev, who won the March general election in Russia. One of Medvedev's first acts in office is expected to be the naming of Putin as his Prime Minister. With this move, all Austrian media expect, Vladimir Putin will continue to call the shots in Russia, and determine the country's future course. It remains to be seen, one Austrian daily

says, "whether Medvedev is simply a slave to Putin's authority, or a liberal reformer after all."

Liberal daily Der Standard comments that Vladimir Putin was the person directing the ceremony marking the handover of power in the Kremlin. "We're already familiar with the script, only the leading actors are different," the daily says, and adds: "Even with Medvedev as the new President, it is Vladimir Putin - as the Prime Minister - who will remain the trump card in the Russian power games, according to most observers,

And in centrist daily Die Presse, security affairs writer Burkhardt Bischof expects "huge problems ahead." He says: "So far, all we know about Medvedev is that he intends to continue the policy of his predecessor. However, the latter's record is mixed with regard to economic, domestic and foreign policy - no matter how strong and powerful Russia presents itself to the outside world. The cohesion of the Russian Federation, the largest country on earth, is by no means guaranteed for eternity. ... However, that is only one of the enormous problems which a responsible Russian leadership will have to deal with. There are more. How, for instance, can a peaceful and productive coexistence of the different ethnic groups with the Russian majority be guaranteed in the multi-ethnic Russian state, which has a growing percentage of Muslims? How can the distribution of the increasing prosperity from the few large cities to the vast regions be accomplished? How can the Russian economy get away from a situation where export of natural resources is almost its only source of income and carry diversification to the point where prosperity is guaranteed even when the Russian soil no longer contains oil and gas in abundance? How can Russia organize its foreign policy towards its neighbors, especially the smaller ones, in such a way that they are not constantly afraid of the Russian giant, assume that Russia has neo-imperialist intentions and seek shelter with NATO? Big country big problems. He would be a great President that tried to solve all these problems in a systematic, wise and permanent way. Vladimir Putin has not done that. Dimitrij Medvedev now has his chance to accomplish the task."

Dramatic Reports from Cyclone-Hit Myanmar

17. Aid agencies have said hundreds of thousands of survivors of the cyclone that hit Myanmar on Saturday, are facing disease and hunger. The death toll is believed to be around 22,000 at the moment, with over one million people without food and shelter. Journalists and aid workers who have succeeded in getting into Myanmar have warned that aid getting into the country is nowhere near enough, because of the attitude of the military regime. Austrian media comment that the Myanmar government's failure to respond effectively to the destruction wrought by the cyclone reflects not only the regime's repressive nature, but also the fact that it is way out of its depth in the situation, writes centrist daily Die Presse.

First Execution in US in Seven Months

18. The US state of Georgia has carried out the first death sentence since last September. A convicted murderer died by lethal injection after the US Supreme Court rejected an appeal claiming the means of execution broke a constitutional ban on cruel and unusual punishment, according to independent provincial daily Salzburger Nachrichten.
Kilner